

## Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-14 ISO-00 AID-05 CIAE-00 COME-00 EB-12

FRB-03 INR-11 NSAE-00 RSC-01 XMB-07 OPIC-12 SP-03

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CEA-02 L-03 H-03 PRS-01 PA-04 USIA-15 AGR-20 EUR-25

DRC-01 /189 W

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R 041355Z OCT 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4294

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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DEPT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ: INDIA'S FOREIGN EXCHANGE RESERVE

REF: NEW DELHI 10411

SUMMARY. INDIA'S FOREIGN EXCHANGE RESERVES WERE \$1,463 MILLION AT END-JULY 1974 AND ARE ESTIMATED BY EMBASSY TO BE \$1,344 MILLION AT END-SEPTEMBER. END SUMMARY.

1. OFFICIAL INDIAN DATA ON RESERVES FOR THE MONTH OF JULY 1974; SHOW RESERVE BANK OF INDIA (RBI) HOLDINGS OF: (A) FOREIGN EXCHANGE FO RS. 6.91 BILLION (\$878 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE ON LONDON MARKET IN JULY OF RS. 7.87 EQUAL \$1.00) AND (B) GOLD OF RS. 1.83 BILLION (\$293 MILLIN VALUED AT \$42.22 AN OUNCE). ACCORDING TO SEPTEMBER 1974 INTERNATIONAL FIANCIAL  
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STATISTICS (IFS), INDIA'S SDR HOLDINGS AT END-JULY WERE \$292

MILLION. TOTAL RESERVES AT END-JULY THUS TOTALLED \$1,463 MILION.

2. ONLY INCOMPLETE DATA AVAILABLE PAST JULY. ACCORDING TO THE RBI'S WEEKLY BALANCE SHEET, THE RBI ON SEPTEMBER 27, 1974 HAD FOREIGN EXCHANGE HOLDINGS OF R. 6.16 BILLIN (\$759 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE IN LONDON DURING SEPTEMBER OF RS. 8.12 EQUAL \$1.00). INDIA'S GOLD HOLDINGS CONTINUED TO BE RS. 1.83 BILLION (\$293 MILLION). ASSUMING NO CHANGE IN SDR'S SINCE JULY, INDIA'S TOTAL RESERVES AT END-SEPTEMBER ARE ESTIMATED BY EMBASSY AT \$1,344 MILLION.

3. GOI (AS OPPOSED TO RBI) BALANCES HELD ABROAD USED TO CONSTITUTE A PART OF INDIA'S OFFICIAL FOREIGN RESERVES.; HOWEVER, ACCORDING TO RBI INTERNATIONAL DIVISION CHIEF KADAM, GOI MADE POLICY DECISION IN MAY TO DRAW DOWN THESE HOLDINGS TOWORKING BALANCE LEVELS, AND TO CONSOLIDATE ALL FOREIGN BALANCES IN THE HANDS OF THE RBI.

4. THE END-SEPTEMBER ESTIMATE OF \$1,344 MILLION INCLUDES INDIA'S \$283 MILLION DRAWING OF ITS FIRST CREDIT TRANCHE FROM THE IMF IN MAY, AND THE DRAWING UNDER THE FUND'S COMPENSATORY FINANCING FACILITY IN FEBRUARY. INDIA'S PRESENT RESERVE POSITION, NET OF ALL BORROWINGS FROM THE IMF, IS \$986 MILLION.  
SCHNEIDER

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## Message Attributes

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